March 6, 2008 - Lawmakers Threaten to Kill Tanker Deal

The New York Times www.nytimes.com Lawmakers Threaten to Kill Tanker Deal By DAVID M. HERSZENHORN March 6, 2008 WASHINGTON — Lawmakers on the House Appropriations Committee warned Wednesday that they would kill a multibillion-dollar contract to replace the fleet of Air Force fueling tankers if the Pentagon did not adequately explain why it gave the deal to a partnership between Northrop Grumman and the European parent of Airbus, instead of to Boeing. The lawmakers, including Representative John P. Murtha, Democrat of Pennsylvania, the chairman of the Defense Appropriations Subcommittee, said they were troubled that the contract announced by the Air Force last week puts a huge military construction program substantially in the hands of a foreign company, the European Aeronautic Defense and Space Company, or EADS. And they bluntly warned that they could squash it. &ldguo:This committee funds this program and all this committee has to do is stop the money and this program is not going to go forward, " Mr. Murtha said at a hearing that began a formal inquiry by Congress. " We want to make sure everybody is treated fairly, " he told Air Force procurement officials before their testimony. &ldguo; We want to make sure you made the right decision. &rdguo; Air Force officials, including Sue C. Payton, assistant secretary of the Air Force for acquisition, insisted that the bids by the Boeing Company, based in Chicago, and Northrop Grumman, based in Los Angeles, were judged fairly. " As a result of this fair and open competition, " she testified at the hearing, " the Air Force will deliver a tremendous capacity to the war fighter at a great value to the taxpayer." Mr. Murtha and other House Democrats also attacked Senator John McCain of Arizona, the Republican presidential candidate, for his role in scuttling a previous deal to let Boeing supply the tankers. Mr. McCain has boasted of those efforts, saying he prevented wasteful spending, but the Democrats on Wednesday said it was his fault that military industry jobs were going overseas. " Having made sure that Iraq gets new schools, roads, bridges and dams that we deny America, now we are making sure that France gets the jobs that Americans used to have, " said Representative Rahm Emanuel,

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Democrat of Illinois. &Idquo: We are sending the jobs overseas, all because John McCain demanded it. &rdquo:

The new contract allows spending up to \$40 billion in the first phase of a multidecade program to replace the aging aerial tanker fleet, which dates from the 1950s. The fleet is crucial to keeping Air Force fighter jets, bombers, cargo planes and other aircraft aloft on critical missions, allowing them to refuel in midair.

The total contract could be worth as much as \$100 billion over 30 or more years, as the Air Force seeks to acquire 400 tankers at a rate of about 15 a year. Boeing will receive a briefing from the Pentagon on Friday and can then formally appeal the decision.

The Northrop Grumman victory was enthusiastically greeted by lawmakers from Alabama and Mississippi, where the tankers will be assembled and thousands of jobs will be created. But it has been criticized harshly by lawmakers from Washington State, where Boeing builds planes, and Kansas, where Boeing would have assembled the tankers.

Representative Norm Dicks, Democrat of Washington, kept a scowl fixed on his face throughout the hearing. "The Air Force has made a big mistake," he said.

Under the deal that Mr. McCain helped scuttle, the Air Force would have leased tankers from Boeing under a sole source contract. That deal collapsed from a scandal that led to the departure of Boeing's chief executive, the resignation of the secretary of the Air Force and the imprisonment of two Boeing executives, including one who was the former Pentagon acquisition officer on the tanker program. Another Pentagon official involved later committed suicide.

A spokeswoman for Mr. McCain declined to comment on the criticism on Wednesday but referred to previous comments by Mr. McCain in which he stood by his effort to kill the earlier Boeing deal.

"I have always insisted that the Air Force buy major weapons through fair and open competition," Mr. McCain said after the new tanker contract was announced.

He also said that the impact on American jobs should not be a primary concern. "l've always felt that the best thing to do is to create the best weapons system we can at minimum cost to taxpayers," Mr. McCain said.

At the hearing, Mr. Murtha accused Mr. McCain of delaying the tanker replacement by interfering in the earlier deal. " There was tremendous pressure from an individual in the Senate to get competition, " he said, adding,

"lt's costing billions of dollars, and we are at a point where we don't know how long it is going to take to get these things out in the air."

Mr. Murtha also noted that the two major Democratic candidates for president, Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, had expressed opposition to the deal with Northrop Grumman.

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